



[AETERNA LOGO]

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PRESS RELEASE  
For immediate release

AETERNA ZENTARIS REPORTS 2004 FOURTH QUARTER AND FULL-YEAR  
FINANCIAL AND OPERATING RESULTS

ALL AMOUNTS ARE IN CANADIAN DOLLARS

- o Aeterna Zentaris full-year 2004 highlights:
  - >> Consolidated revenues increased by 40.4% to \$233 million, compared with \$166.4 million in 2003;
  - >> Consolidated R&D expenses of \$30.4 million, compared with \$44.1 million in 2003;
  - >> Consolidated operating income of \$17.2 million, compared with a previous \$14.3 million operating loss;
  - >> Consolidated net loss of \$5.8 million, compared with a net loss of \$28.1 million in 2003;
  - >> Successful completion of a seven Phase II trial program of cetrorelix in endometriosis, benign prostate hyperplasia and uterine myoma.
- o 61.1%-owned subsidiary, Atrium Biotechnologies, full-year 2004 highlights:
  - >> Consolidated sales of \$177.3 million, an increase of 47%;
  - >> Consolidated EBIT of \$26.1 million, an increase of 81%;
  - >> Consolidated net earnings of \$13.2 million, an increase of 86%;
  - >> Acquisition of Pure Encapsulations in the United States.

QUEBEC CITY, CANADA, FEBRUARY 28, 2005 - Aeterna Zentaris Inc. (TSX: AEZ; NASDAQ: AEZS) today reported financial and operating results for the fourth quarter and full year ended December 31, 2004. Consolidated revenues for the fourth quarter 2004 were \$53.5 million, an increase of 9.4% compared with total revenues of \$48.9 million for the same period in 2003. Consolidated R&D expenses

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net of tax credits amounted to \$7.1 million in the fourth quarter of 2004 compared with \$12.3 million in the fourth quarter of 2003. Consolidated operating income for the fourth quarter 2004 was \$0.9 million, compared with an operating loss of \$6.4 million for the fourth quarter 2003. The Company's consolidated net loss was \$2.5 million for the fourth quarter of 2004, or \$0.06 per share, compared with a net loss of \$9.3 million, or \$0.20 per share, for the comparable period in 2003.

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### AEterna Zentaris Consolidated Annual 2004 Results

Consolidated revenues for the 12-month period ended December 31, 2004 increased by 40.4% to \$233 million, compared with \$166.4 million for the same period in 2003. Consolidated R&D expenses net of tax credits amounted to \$30.4 million in 2004, compared with \$44.1 million in 2003. The Company reported a 2004 consolidated operating income of \$17.2 million, compared with an operating loss of \$14.3 million for the comparable period in 2003. This increase in operating income is mainly due to non-recurrent milestone payments related to cetrorelix Phase II positive results, the realignment of the clinical development program initiated in December 2003, as well as to Atrium's acquisition of Pure Encapsulations in March 2004, combined with the achieved internal growth. Consolidated net loss for 2004 was \$5.8 million, or \$0.13 per share, compared with a net loss of \$28.1 million, or \$0.65 per share, in 2003.

AEterna Zentaris' financial performance for the year 2004 reflects continued revenue growth from its development and marketing partners related to the advancement of its extensive pharmaceutical product pipeline and from sales of marketed compounds. It also reflects growth generated by its 61.1%-owned subsidiary, Atrium Biotechnologies, through its proprietary product portfolio and accretive acquisitions.

### ATRIUM BIOTECHNOLOGIES FOURTH QUARTER 2004 RESULTS

During the fourth quarter of 2004, consolidated sales for Atrium were \$43.5 million, an increase of 16% compared with \$37.5 million in sales for the comparable period in 2003. EBIT was \$6.1 million during the quarter compared with \$3.8 million for the same period in 2003, representing a 61% increase. Net earnings increased 50% to \$2.7 million compared with net earnings of \$1.8 million for the same period in 2003. These increases are mainly due to the acquisition of Pure Encapsulations by Atrium, in March 2004, and growth in Atrium's proprietary product portfolio.

### ATRIUM CONSOLIDATED ANNUAL 2004 RESULTS

For the 12 months ended December 31, 2004, Atrium's sales reached \$177.3 million compared with \$120.3 million for 2003, representing a 47% increase. EBIT increased 81% to \$26.1 million in 2004 from \$14.4 million in 2003. Atrium recorded net earnings of \$13.2 million in 2004 compared with net earnings of \$7.1 million in 2003, representing an increase of 86%. These increases came mainly from the acquisitions of Chimiray, Interchemical, Siricie and Pure Encapsulations and from growth in Atrium's proprietary product portfolio.

"The year 2004 was marked by sustained growth and development," said Gilles Gagnon, AEterna Zentaris' President and Chief Executive Officer. "We moved our products through the pipeline as illustrated by the successful completion of our

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seven Phase II trial program with cetorelix. In 2005, we expect to expand by advancing clinical development of cetorelix in collaboration with our partners Solvay and Shionogi/Nippon Kayaku, by furthering the development of other compounds in oncology and endocrinology, and by continuing our in-licensing and acquisition program. Finally, our subsidiary, Atrium, has again demonstrated its ability to yield excellent year-over-year growth in all of its activity sectors and we also look forward to see its continued growth in 2005," concluded Mr. Gagnon.

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Dennis Turpin, Vice President and Chief Financial Officer of AETerna Zentaris, added: "With the contribution of all of our operating segments, we achieved our financial goal of becoming cash flow positive, on a consolidated basis, in 2004. Our consolidated cash and short-term position remains strong at \$58 million as of December 31, 2004. In 2005, while maintaining a solid financial position, we expect our R&D investment to increase, reflecting our commitment to expand and advance our clinical-stage pipeline, in particular, the oncology proprietary products. The Company is now well positioned to carry on its business plan."

### APPOINTMENT TO AETERNA ZENTARIS BOARD

Eric Dupont, Chairman of AETerna Zentaris, is pleased to announce the appointment of Mr. Jurgen Ernst to AETerna Zentaris' Board. Mr. Ernst, a seasoned executive, has recently retired from his position of worldwide General Manager, Pharmaceutical Sector of Solvay S.A. "We are pleased to welcome Mr. Ernst who will bring to AETerna Zentaris more than 20 years of pharmaceutical industry expertise mainly in the field of corporate development and pharmaceutical product marketing," said Dr. Dupont.

### CONFERENCE CALL INFORMATION

Management will be hosting a conference call for the investment community beginning at 10:00 a.m. Eastern Time today, Monday, February 28, to discuss 2004 fourth quarter and full-year financial and operating results and answer questions.

To participate in the live conference call by telephone, please dial 514-807-8791, 416-640-4127 from Canada or 800-814-4941 from outside Canada. Individuals interested in listening to the conference call on the Internet may do so by visiting [www.aeternazentaris.com](http://www.aeternazentaris.com). A replay will be available on the

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Company's Web site for 30 days.

### ABOUT AETERNA ZENTARIS INC.

AETerna Zentaris Inc. is an oncology and endocrine therapy focused biopharmaceutical company with proven expertise in drug discovery, development and commercialization. The Company's broad 20 product pipeline leverages five different therapeutic approaches, including LHRH antagonists and signal transduction inhibitors. The lead LHRH antagonist compound, cetorelix, is currently marketed for IN VITRO fertilization under the brand name Cetrotide(R), and has successfully completed a broad Phase II program in endometriosis and benign prostatic hyperplasia (BPH). The lead signal transduction inhibitor compound, perifosine, is an orally-active AKT inhibitor that is in several Phase II trials for multiple cancers.

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AEterna Zentaris also owns 61.1% of Atrium Biotechnologies Inc., a leading developer, manufacturer and marketer of value-added products for the cosmetics, pharmaceutical, chemical and nutritional industries.

News releases and additional information about AEterna Zentaris are available on its Web site at [www.aeternazentaris.com](http://www.aeternazentaris.com).

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### FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements made pursuant to the safe harbor provisions of the U.S. Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which could cause the Company's actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include, among others, the availability of funds and resources to pursue R&D projects, the successful and timely completion of clinical studies, the ability of the Company to take advantage of business opportunities in the pharmaceutical industry, uncertainties related to the regulatory process and general changes in economic conditions. Investors should consult the Company's quarterly and annual filings with the Canadian and U.S. securities commissions for additional information on risks and uncertainties relating to the forward-looking statements. Investors are cautioned not to rely on these forward-looking statements. The Company does not undertake to update these forward-looking statements.

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### CONTACTS:

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ATTACHMENT: Financial summary

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FINANCIAL SUMMARY

(in thousands of Canadian dollars, except share and per share data)

| CONSOLIDATED RESULTS<br>Unaudited        | QUARTERS ENDED<br>DECEMBER 31, |            |
|--|--------------------------------|------------|
|  | 2004<br>\$                     | 2003<br>\$ |
| REVENUES                                 | 53,541                         | 48,896     |
| OPERATING EXPENSES                       |                                |            |
| Cost of sales                            | 31,679                         | 30,892     |
| Selling, general and administrative      | 11,699                         | 9,563      |
| R&D costs, net of tax credits and grants | 7,088                          | 12,307     |
| Depreciation and amortization            | 2,211                          | 2,568      |
|  | 52,677                         | 55,330     |
| Operating income (loss)                  | 864                            | (6,434)    |
| Interest income                          | 359                            | 486        |
| Interest and financial expenses          | (2,147)                        | (1,348)    |
| Foreign exchange gain (loss)             | (556)                          | (310)      |
| INCOME (LOSS) BEFORE THE FOLLOWING ITEMS | (1,480)                        | (7,606)    |
| Current income taxes                     | 44                             | (307)      |
| Future income taxes                      | 325                            | (372)      |
| Loss on dilution                         | (96)                           | -          |
| Non-controlling interest                 | (1,336)                        | (969)      |
| NET LOSS FOR THE PERIOD                  | (2,543)                        | (9,254)    |
| Basic and diluted net loss per share     | (0.06)                         | (0.20)     |
| Weighted average number of shares        |                                |            |
| Basic                                    | 45,650,742                     | 45,330,992 |
| Diluted                                  | 46,124,784                     | 45,706,644 |
| Issued and outstanding shares            |                                |            |

| CONSOLIDATED BALANCE SHEETS     | DECEMBER 31,<br>2004<br>\$ | DECEMBER 31,<br>2003<br>\$ |
|---------------------------------|----------------------------|----------------------------|
| Cash and short-term investments | 58,090                     | 64,367                     |
| Other current assets            | 86,644                     | 70,278                     |
| Long-term assets                | 144,734                    | 134,645                    |
|                                 | 204,494                    | 161,134                    |

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|  |         |         |
|--|---------|---------|
| Total assets                               | 349,228 | 295,779 |
| Current liabilities                        | 72,265  | 61,442  |
| Deferred revenues                          | 25,557  | 10,563  |
| Convertible term loans                     | 24,890  | 19,920  |
| Long-term debt                             | 39,365  | 15,132  |
| Other long-term liabilities                | 32,092  | 32,649  |
| Non-controlling interest                   | 34,767  | 29,952  |
| Shareholders' equity                       | 120,292 | 126,121 |
| Total liabilities and shareholders' equity | 349,228 | 295,779 |

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AETERNA ZENTARIS INC.

Date: February 28, 2005  
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By: /s/Mario Paradis  
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Mario Paradis  
Senior Finance Director and  
Corporate Secretary